teachers are given extra work. They combine two sections at a time and about 120 boys have to huddle themselves up in the rooms, windows and the veranda. Conditions in the Visvesvarapuram Middle School where co-education is permitted are still worse. Are not Government aware of all these conditions?

Mr. J. APPAJI GOWDA.—The Director will look into these matters and see what relief could be given.

Menial Staff of the Vani Vilas Hospital, Bangalore.

Q.—4. Mr. D. VENKATARAMANAPPA (Bangalore City Municipality).—

Will the Government be pleased to state:—

(*a*) the number of poor peons, ayahs and scavengers in the Vani Vilas Hospital, Bangalore, whose pay was reduced from Rs. 12 per mensem to Rs. 10 per mensem some two years back and the amount of yearly savings to Government effected thereby;

(*b*) the reason for reducing the pay of the poor menials?

A.—The SECRETARY to GOVERNMENT, DEVELOPMENT DEPARTMENT (Mr. Charles E. Noronha).—

(*a*) In sanctioning the additional staff required for the new Sajjan Rao's Obstetric Wards in the Vani Vilas Hospital, Bangalore, 35 menials who were on the temporary establishment and liable to have their services terminated were given permanent posts on Rs. 10 each and the scales of pay were reduced from Rs. 13 and Rs. 12 to Rs. 10 each. In the new scales, 27 more hands were also employed resulting in extra cost of Rs. 2,100 per annum instead of savings to Government. The savings of about Rs. 1,140 by fixing the temporary hands in the permanent scale has been utilised in increasing the staff.

(*b*) The scales of pay of the menials were reduced by Government so as to keep down costs and to enable more hands being employed. There is really no hardship in this case, as the temporary hands have secured permanent posts. Two different grades of pay were sanctioned so as to create an incentive for the lower scale menials to work for the higher scale.

Mr. D. VENKATARAMANAPPA.—What is the justification for reducing the pay of these poor servants?

The SENIOR SURGEON (Rajasevasaktha B.K. Narayana Rao).—All these people were temporary servants whose services were liable to be terminated. The Department helped them by giving them permanent appointments though on a slightly reduced scale of pay.

Mr. D. VENKATARAMANAPPA.—Of the 35 hands referred to, how many were getting Rs. 13 and how many Rs. 12?

Mr. B. K. NARAYANA RAO.—I cannot give you the exact figures now. I may, however, add that most of them have now been given their old pay.

Mr. D. VENKATARAMANAPPA.—Is not the saving which resulted from this reduction very insignificant?

Mr. B. K. NARAYANA RAO.—It is not a question of savings at all. The object was to employ a larger number of servants in the interests of patients without having to incur extra expenditure.

Mr. D. VENKATARAMANAPPA.—Has the same principle been applied in the case of doctors also?

Mr. B. K. NARAYANA RAO.—Yes, in some cases.

The FIRST MEMBER (Rajamantrapravina N. Madhava Raú).—In many cases, persons in temporary employ would be quite prepared to receive slightly reduced pay if only they are made permanent.

GOVERNMENT BUSINESS—BILLS.

1. General Principles of the Bill further to amend the Mysore Registration Act, 1903.

The CHIEF SECRETARY to GOVERNMENT (Rajasevaprasaktha B. T. Kesavaiengar) explained the

general principles of the bill as follows:—

In response to the representations made at the meetings of the Representative Assembly in June and October 1935 that, in cases in which mutations are effected with reference to mortgages sales, etc., the fees payable under the rules framed under the Record of Rights Act, 1927, may be ordered to be recovered from parties in Sub-Registrars' Offices at the time of registration, it was ordered that the scheme of collecting mutation fees along with the registration fees be tried temporarily in one taluk of each district. Accordingly, the scheme was originally introduced into eight taluks that year and as it was found to work successfully, it was introduced into eight more taluks in each of the following years and has been in operation now in 24 taluks and two sub-taluks.

As the results are encouraging, the question of making the payment of these fees compulsory at the time of the registration of documents involving mutation is considered desirable and hence, it is proposed to amend the Mysore Registration Act suitably to achieve the object.

Mr. M. SUBBIAH welcomed the bill and said that it was long overdue. He brought to notice that under the existing practice, mutation fee was not being collected promptly and that after a lapse of two or three years, the parties were suddenly called upon to pay it up. Very often they would be unable to pay and this explained the accumulation of arrears. The amending bill would obviate this difficulty and inconvenience both to the Government and the raiyats and hence he supported the proposed measure.

Mr. L. VEMA REDDY also supported the measure and hoped that nobody in the House would oppose it.

Mr. K. VENKATASWAMIAH opposed the bill on the ground that it was defective in one essential particular. Under the law in force in the Madras Presidency, no document involving mutation could be got registered unless the transfer of khate was actually effected in the records. He urged that the same procedure be adopted in Mysore also as otherwise, it would lead to unnecessary litigation.

Mr. MAYI GOWDA remarked that though many lands were actually changing hands, transfers of khates as evidenced by official records were not many. So if the proposed amendment would result in khates being promptly transferred, the amendment would serve a useful purpose.

The FIRST MEMBER (Rajamantrapravina N. Madhava Rau) explained that wherever transfer of khates had not been effected and heavy arrears of mutation work had accumulated, special Deputy Amildars were being appointed to attend to the work. He assured the House that similar arrangements would be made wherever necessary.

The general principles of the bill were put to vote and accepted by the House.

2. General Principles of the Bill further to amend the Mysore Arms Act, 1890.

The CHIEF SECRETARY to GOVERNMENT (Rajasevaprasaktha B. T. Kesavalengar) explained the general principles of the bill as follows:—

Under Section 11 of the Mysore Arms Act, 1890, a person possessing arms, etc., the possession whereof has, by virtue of the cancellation or expiry of a licence, become unlawful, is required to deposit the same with the officer in charge of the nearest police station. The arms have to be held in deposit for a period of three years after which they are forfeited to Government unless redeemed by the owner in the meantime by the production of a licence.

It has been found in practice that most of the weapons so deposited are not redeemed and the large number of weapons that so accumulate require considerable trouble to keep them in proper order. It is, therefore, proposed to reduce the period of deposit to one year. It is considered that this period is sufficient to enable the owner

to apply for and obtain a licence for the weapon if it is of any use to him.

Mr. M. SUBBIAH feared that the amendment might act as a hardship in the case of minors as the weapons would be forfeited to Government, since they could not be redeemed by them within one year from the date of expiry of the licence.

The PRESIDENT wondered why the minors should have arms at all.

Mr. B. T. KESAVAIENGAR added that when no longer minors, they would as well apply and obtain licences for fresh arms.

Mr. M. SUBBIAH enquired whether there would be any objection to pay the owners of forfeited arms the realisations from the sale by public auction of such arms in all cases in which such sales were held.

Mr. B. T. KESAVAIENGAR replied that in the cases of forfeiture, the sale proceeds could not be made over to the owners.

Mr. M. SUBBIAH then suggested that if a licence holder did not want the arms any longer and if the arm was auctioned, the sale proceeds might be handed over to the owner.

Mr. B. T. KESAVAIENGAR said that there might be no objection to adopting such a course

Thereupon the general principles of the bill were accepted.

3. General Principles of the Bill further to amend the Mysore Coffee Cess Act, 1925.

The SECRETARY to GOVERNMENT, GENERAL DEPARTMENT (Mr. J. Appaji Gowda) explained the general principles of the bill as follows :—

An Act to provide for the levy of a cess on coffee lands in the Mysore State in order to maintain an Experimental Station or Stations for the investigation of diseases affecting the coffee plant, was first passed in 1925 (Act XIII of 1925). It came into force on 14th October 1925, and was to operate for five years. Subsequently, in 1930, the Act was amended so as to extend the period of operation for another ten years till 14th October 1940 (Act XIII of 1930). This period is to expire in a few months and it is considered desirable to continue the cess for another period as the experiments that are being conducted at the Coffee Experimental Station at Balehonnur have reached a fruitful stage. According to the provisions of the above Act, Government are contributing a sum not less than the amount of cess levied or leviable every year for the maintenance of the Station. This amount varies between Rs. 16,000 and Rs. 18,000 per year. It is proposed to extend the period of operation of the Act for a further period of ten years from 14th October 1940. Hence, this bill.

Mr. MIR MOHAMMED SAB opposed the bill on two grounds, *viz.*, (1) that there was no justification for continuing the cess for any further period in view of the fact that latterly the price of coffee had gone down considerably and coffee planters were sustaining heavy losses ; and (2) that as no special cess was being levied in respect of experiments conducted with regard to ragi, sugarcane or other crops, the levy of a cess only in respect of coffee would savour of an invidious distinction.

Mr. S. K. SHANMUKHIAH also opposed the bill as unnecessary. There were good rains during the current year and consequently, there was no fear of borer pest for the present. Even if the pest made its appearance in future, he said that Government themselves should meet the cost of combating it as they were doing in the case of other crops like ragi, etc.

In endorsing the above views, Mr. K. LAKSHMINARAYANA RAO pointed out that though an Entomologist had been employed to investigate the diseases affecting sugar-cane, no cess was being levied from sugar-cane growers. On the same analogy, he said that another Entomologist might be appointed for investigating the diseases affecting the coffee crop, the cost being borne by the Government and the existing coffee cess being done away with.

Mr. ALFRED MIDDLETON observed that the Coffee Experimental Station at Balehonnur was doing very good work by way of preventing the spread

of borer infection. Though it was not yet possible to root out the disease, there was every hope of the farm proving its usefulness within the next 10 or 20 years. When that happy day arrived, the coffee planters would realize that all they had paid in the shape of coffee cess was more than repaid to them. At present, a lot of money was being spent by coffee planters on spraying and the few annas paid to Government by way of cess was but an infinitesimal part of that expenditure. And when the Experimental Farm discovered a means of successfully combating the borer pest, the entire expenditure on spraying could be saved. In that view, he supported the bill providing for the continuance of the cess for some more time.

Mr. KRISHNA RAO GANESH RAO GURJAR also supported the bill.

Mr. Gonakal CHANNABASAVE GOWDA opposed the bill on the ground that the continuance of the cess would work as a hardship on the poorer planters who were already baffled by the slump in the coffee market.

Lokasevaparayane Sri SAKAMMA expressed her whole-hearted support to the bill and appealed to all planter-members of the House to do likewise. She explained how there was bitter opposition from planters when the cess was first proposed, how they had subsequently realized their mistake and come to appreciate the excellent work that was being done by the Balehonnur Farm with the aid of realizations from the cess supplemented by an equal amount of subsidy from Government. The planters were now thankful to the farm for having found remedies for several diseases infesting the coffee crop. Similarly, they were hesitating at first to use foreign manures and salts, not knowing their chemical value. But now as a result of demonstrations conducted by the farm, the value of chemical manures had also come to be realized. It was thus clear that the two annas which planters paid in the form of cess was nothing when compared to the benefits derived by them. The Agricultural Department of Mysore had 40 to 50 years' experience in scientific research and suggestions offered by them had been found to be very valuable. These would not have been available to the planters in the absence of the Experimental Farm. There was plenty of scope for further scientific research and that could be carried on only by an organization manned by experts. Such an organization was the Balehonnur Farm, designed to help the planters more than the Government. Hence it would be in the interests of the planters themselves if the cess was kept on and the farm enabled to pursue its good work without interruption. Otherwise, she was afraid that coffee cultivation in Mysore would have to face serious problems, risks and losses.

Mr. Bhupalam R. CHANDRASEKHARAYYA pointed out that the Agricultural Department had established several experimental farms in the State. As a result of their work, the income of the agriculturists had almost doubled. He therefore felt that it was the duty of coffee planters to contribute, if possible, more liberally in future than in the past, towards the maintenance of the Balehonnur Farm which was devoting all its attention to saving and developing the coffee industry.

The DIRECTOR of AGRICULTURE (Mr. T. G. Rama Iyer), speaking on behalf of Government, said that he was somewhat surprised that some of the members did not seem to appreciate the work that was being done on the Balehonnur Experimental Farm. He also wondered how anybody could be blamed if persons interested in coffee cultivation did not acquaint themselves with what was being done there. For the information of such persons, he explained that one of the most serious diseases of coffee was the "leaf disease" or *Hemelia* which had completely ruined the Arabica variety of coffee in Ceylon. The extent to which planters in Mysore had benefited by the work of the Balehonnur Farm would become apparent from the fact that when the farm was started in 1923 only 100 acres of coffee lands were being sprayed against leaf disease, whereas at present, the extent that

was being sprayed had increased to 20,000 acres. Investigations made by the farm had resulted in reducing the expenditure on spraying with the Bordeaux mixture which was employed in combating the fungus disease. Thereby about Rs. 60,000 was being saved for the planters every year.

Proceeding, **Mr. T. G. RAMA IYER** explained that remedies for important pests affecting the coffee crop were under investigation and had to be continued in the next 10 years for which period the bill sought to continue the cess. New varieties of seedlings which were of a very superior quality but which were not susceptible to leaf disease were being distributed among the planters. Such seedlings had been supplied to eighteen coffee planters during the previous year and the Department had heard from those planters that the seedlings were satisfactory.

The speaker added that the farm was making strenuous efforts to combat the borer-pest also. It was found that this pest affected only Arabica coffee and not Robusta coffee. So, an experiment of grafting Arabica on the stocks of Robusta variety had been tried and found successful and promising. Again, a process of stem-washing had been found out and this was an additional method of preventing the spread of the borer-pest.

Other directions in which useful work was being done by the farm related to manuring—when it should be used and in what proportion—the nature of the soil favourable to coffee, etc. If the full benefits of all these experiments should be derived, it was essential to continue the work for another 10 years.

As regards the plea that the planters were affected by the slump in coffee trade and further levy of the cess would work as a hardship, the Director explained that the rate of assessment on coffee lands in Mysore compared very favourably with that obtaining in other parts of the country. It was only Rs. 1-8-0 per acre in Mysore as against Rs. 2 in Madras and Rs. 5 to Rs. 10 in Coorg. Thus a cess of 2 annas could by no means be characterized as heavy or unjust.

With regard to the non-levy of a cess in the case of ragi, etc., referred to by one of the members, he stated that nowhere was a cess levied on the poor man's food crop on which little research work was being done. Cesses were levied only in connection with articles like rubber, cotton, tea, etc., and the cost of all experiments relating to them was being met from the respective cess collections.

The general principles of the bill were thereupon put to vote and accepted by the House.

4. General Principles of the Mysore Duty on Gold Bill.

The SECRETARY to GOVERNMENT, FINANCIAL DEPARTMENT (Mr. A. N. Raghavachar) explained the general principles of the bill as follows :—

The expansion of administrative activities and the introduction of measures calculated to improve the material and moral conditions of the people entail a progressive increase of public expenditure and the question of finding additional revenue is receiving the consideration of Government. In view of the recent large increase in the price of gold, it is considered desirable that a portion of the increased receipts on this account should be made available to the State for expenditure on beneficent measures intended to meet the urgent needs of the people. Accordingly, an Emergency Act for the imposition and the payment of a duty on gold, equal to three-fourths of the amount by which its sale price exceeds one hundred rupees per ounce of gold in respect of gold produced and issued out of the premises of all gold works on and after the 22nd day of March 1940, was passed (Act XVII of 1940). The present high price of gold is likely to continue and it is proposed to place the Act permanently on the Statute Book.

Mr. B. L. BYANNA enquired what the realizations anticipated from this duty would be.

Mr. A. N. RAGHAVACHAR replied that it might be estimated at Rs. 3 lakhs during the three months of its levy in the current year (1939-40) and that about Rs. 26 lakhs were anticipated for the year 1940-41.

Mr. Y. V. MUNISWAMI IYER pointed out that the people of Mysore would not be affected by this duty, while at the same time the general revenues of the State would be benefited to the extent of Rs. 26 lakhs annually. He therefore supported the bill.

Mr. Rayara KEMPANNA hoped that in view of this income which was in the nature of a windfall, the Government would see their way to reduce the rates of assessment and thus lighten the burden on the raiyats.

Mr. KAVETI RANGAPPA enquired whether the proposed duty would have to be paid on gold taken to the bazaar by private parties for curing purposes or only on gold extracted from the mines.

Mr. A. N. RAGHAVACHAR replied that it was payable only on the latter.

Mr. Bhupalam R. CHANDRASEKHARAYYA apprehended that, as the Act was intended to be placed permanently on the Statute Book, it might adversely affect any indigenous enterprise that might be started in future in places other than the Kolar Gold Fields. For this reason, he suggested that the duty be made leviable only from gold mining companies existing at present. In the alternative, he suggested that a time limit be prescribed after which this legislation would automatically cease to operate unless specially extended.

Proceeding, he observed that, as was hinted in the Dewan's Address, the world conditions were uncertain. And the investing public had become panicky even in respect of Government loan bonds. Even the Government of India had been put to the necessity of issuing communiques with a view to allaying fears in that regard. In such circumstances, he thought it would be prudent for the Mysore Government to convert the realizations from gold duty into bullion and keep it in deposit as long as the present war lasted, so that greater confidence in the stability of Government securities might be created. He also suggested that this extraordinary income should be utilised only for industrial developments in the State.

Mr. HENRY M. WHITE.—Sir, as the representative in Mysore of the Champion Reef Gold Mines of India, Ltd., and on behalf of the Mysore Gold Mining Company, Ltd., the Ooregum Gold Mining Company of India, Ltd., and the Nundydroog Mines, Ltd,, I desire to protest most strongly against the proposal of Government to place the Mysore Duty on Gold Act in its present form as a permanent measure on the Statute Book of the State. I submit that the reasons given by Government for so doing are inadequate and advance no sound evidence to justify such a procedure and with all the power at my command I appeal to Government to give the matter their most earnest reconsideration before taking a step which may ultimately prove to be disadvantageous not only to the Mines but to Government itself.

I can do no better, Sir, than to repeat briefly what has been said upon the subject recently by the Chairmen of the Gold Mining Companies when addressing the Annual General Meetings.

The tax in its present form whether it be emergent or permanent legislation is open to grave and obvious objection in that it is an expropriation of part of the Mining Companies' gross receipts from the sale of gold and entirely ignores the profit factor.

It is true that other countries have taken similar measures, but in those cases it was quite definitely as a war tax, and in the case of the South African Government they have realized the unfairness of it and have substituted a profits tax.

The policy of the Gold Mining Companies has been to take advantage of the high price of gold by treating a lower grade of ore thus conserving the reserves of high grade ore and prolonging the life of the mines. This involves the treatment of a larger tonnage which clearly is not so profitable as the milling of high grade ore. It involves

a higher working cost in labour and materials. It is necessary to point out that the prices of all materials, machinery, spares and other stores are increasing and if the war is prolonged the cost of gold production must increase.

I submit, Sir, that the tax is not only objectionable in principle but may be injurious in operation in that its effects may compel the Mining Companies to consider very carefully their policy of treating ore of low grade. a change in which respect would be the reverse of beneficial alike to the State and the Industry.

The policy of treating as much ore as possible from low grade stopes which under ordinary conditions would be unpayable has enabled one company after a very lean period gradually to bring the mine into a condition which gives confidence to the future. By appropriating to themselves three-quarters of the amount by which the value of an ounce of gold exceeds Rs. 100, Government will prevent that mine and the other mines also from carrying on that process and will thus shorten the life of the mines to the detriment of the State as well as to the shareholders.

I do not propose to enlarge upon the fact that the new tax has also the indirect effect of reducing the amount of money which would otherwise fall to the British Government's share, a fact which it is impossible not to view with regret in the present national emergency, but I would respectfully ask Government to give this fact their earnest consideration.

In conclusion, Sir, I appeal to Government to reconsider the whole question of the continuance in its present form of this new tax in the light of the disadvantages which have been shown to exist. I submit that the tax in its present form is unfair and wrong in principle and that it should be amended in such a manner as to make its basis one of taxing profits rather than one of taxing gross receipts from the sale of gold irrespective of the profit factor.

Mr. Khaji SYED YUSUF SAHIB opposed the suggestions made by Mr. Bhupalam Chandrasekharayya and said that the suggestion to levy the duty only from the existing companies would be wrong in principle and also lead to a misunderstanding on the ground that it was directed only against enterprises owned by foreigners. It would be very undesirable, in his opinion, to give room for such an impression. The speaker was also not in favour of earmarking revenue from any particular source for carrying on specific activities of Government and suggested that all the revenue realized from the levy under reference should first be merged in the general revenues of the State and then utilized for the purposes intended.

. He further thought that it would not be right for the Government to resort to hoarding of gold bullion, at any rate, in view of the present fluctuations in price. Hoarded gold would be dead capital which did nobody any good.

Rao Sahib M. RAMASWAMY spoke as follows:—Sir, it is not as though the enhancement of duty on gold contemplated in this bill has been availed of by Government as an opportunity to earn more revenue. It is a tax on excess profits made by the different companies which are manufacturing gold. Strictly speaking, the State has lost enormous wealth on account of the exploitation of our gold mines by these companies. Even supposing the gold was not removed at all, it would still have been an asset to future generations. By the removal of so much gold, a large part of the wealth of the State is gone. It is only a very small part of the value of this gold that is being paid as royalty to the Government. I am quite sure that the gold mining companies also appreciate the view that when an opportunity has arisen for them to make such an enormous profit —this profit was not expected either by the companies or by the Government—they must share it with the State Government, which after all, is the proprietor of the land. This is a windfall that has come not only here but all over the world, where huge profits are being made by gold mining companies. The State has to carry on the normal

administration even in abnormal times like this. It has to make large contributions for various things, incur expenditure of an extraordinary nature and pay several times over for activities of a normal kind. The times being abnormal, particularly on account of the war, the general tax-payer also is put to a lot of trouble and inconvenience. It is very difficult even for the best of economists to find out how the future will develop itself. Under the circumstances I should congratulate the Financial Secretary on his having brought up a scheme which brings to the State a part of the excess profits of the gold mining companies without at the same time unnecessarily harassing them. They need not grudge to part with a portion of such profits. The amount that is collected in the shape of this duty will be utilized by the State either for war purpcses or for maintaining troops or for helping its own raiyats. It is not intended to be hoarded up for the benefit of future generations. There are several items of expenditure to be met by the State and this small item of revenue will be very helpful in times like this. So I heartily support the bill.

Mr. S. C. MALLIAH, who spoke next, congratulated the Government on bringing up this bill. The reasons adduced by a previous speaker in opposing the bill, he said, were not at all convincing. When a commercial concern got a windfall and made abnormal profits, the State was entitled to a share of such profits. If such excess profits were not taxed, the tax-payers would naturally nourish a legitimate grievance and have good cause for complaint.

Proceeding, he said that the member who opposed the bill had himself admitted that in South Africa such excess profits were being entirely appropriated by the Government. Such being the case, he failed to understand why that member should object to this Government getting a share of the profits made by the local gold mines. The sudden rise in the price of gold was mainly due to the war conditions and was not the result of any efforts on the part of the companies so that these could have no grievance if the State expected a part of the profits to be made over to the Government. Besides, the prices of almost every commodity were going up and poor people were experiencing considerable difficulty. It was therefore necessary that Government should find the wherewithal for giving relief to such people.

Again, there was an obligation on the part of the State as well as its people to do everything they could to help the Imperial Government to prosecute the war. For that, large sums of money were needed. In addition, there was urgent need to provide funds for several nation-building departments such as irrigational projects, education, etc. The State was thus obliged to tap fresh sources of income and the proposed measure was calculated to achieve that end.

In this connection, he was glad to note from the Financial Secretary's statement that this duty would be utilized for expenditure on beneficent measures intended to meet the urgent needs of the people, and suggested that the realizations from this tax should be earmarked for the expansion of primary education in the State.

Mr. Ballam SRINIVASA RAO, who also supported the bill, pointed out that all the excess profits which the mines were now getting were in the nature of an unearned increment, so that the proposed tax was thoroughly justified. The companies had no reason to complain against the levy. On the other hand, they ought to be grateful to the Government. According to the original contract, the lease in favour of the companies had expired some months back, and the Government had extended the lease for a further period, so that the former were enabled to continue to make enormous profits. Strictly speaking, all their buildings and the remaining ore should legitimately be regarded as properties of the State. Under these circumstances, the member failed to understand why the companies should grudge to part with a share of their excess profits in favour of a Government, which had shown so many concessions to them.

Mr. L. VEMA REDDY supported the bill and had no doubt that every member of the House would do likewise.

Mr. G. MALLANNA was of opinion that this bill should have been brought in 10 or 15 years ago, in which case the State would have shared in the profits of the gold mining companies to the tune of several lakhs by now. The delay on the part of the Government had meant good luck to the companies for years past. And even now, what the Government expected of the companies was only a share of the excess profits and as such, there was no reason why the companies should grudge it, seeing that they profited by the contract immensely for several years. Moreover, he said that the gold field area also would be benefited by the improvements that might be effected by the Government with the aid of this revenue. On these grounds, he supported the measure under discussion.

Mr. Bhupalam R. CHANDRASEKHA-RAYYA spoke as follows :—Sir, I should not have risen a second time to speak on this question, but for the rather surprising objection to the bill that emanated from the hon. member from the Kolar Gold Fields. I should think that with the long period of encouragement and active help that the Government of Mysore have rendered to the Gold Mining Company, the greatest support to this measure should come from that quarter. But I am sadly disappointed in this. We know that it is not merely a small proportion of excess profits that is being collected as taxes now in other countries. Recently we heard a Labour Member, who has now risen to the Cabinet, stating in the House of Commons that it was not merely a proportion of profits but cent per cent profits, that should be appropriated by the State. It is not any such thing that the Government of Mysore have proposed to levy here from excess profits on gold ; but it is only 75 per cent of the realizations over and above a certain price, that too, war-time price. If the war terminates to-morrow, it is very likely that the price will go down and the company will not have to pay this tax at all. It is therefore most surprising that we should have this objection from the companies. Till now a sort of friendly relationship has been built up between the Government and the Gold Mining Companies. We have helped them to carry away so much of wealth from this country. We have not at all raised any voice of protest till now. Hence I appeal to Mr. White similarly not to raise any protest against this small measure. I am voicing the opinion of the whole State not one person excepted, when I make this appeal to him not to come in the way of this measure in any manner whatsoever.

Mr. K. LAKSHMINARAYANA RAO.—Sir, the objection taken to this bill by the hon. member that side was that it was wrong in principle. This House fails to understand how it is wrong in principle. It is the duty of every duly constituted authority to see to the proper and equitable distribution of wealth in the country. It may be argued that there are contractual obligations and they must be respected. But it must be realized that there are certain rights which are inherent in the Government of the State. There is always the implication that such rights are reserved. Therefore this objection does not hold water. The Government need not have been so very apologetic in introducing this bill because, it is so just and natural that it would appeal to one and all. Perhaps the capitalist may consider that his profits are getting reduced by this measure. But he should congratulate himself that he is able to carry on an industry of that kind in a peaceful country, making such a huge and devastating profit. He should not adversely hit the raiyat's interests by demurring to contribute to the State's revenues.

To show that this levy is not wrong in principle, I should like to refer to the utterances of the Dewan times without number during the sessions of this Assembly itself, to the effect that taxation should first be directed to natural resources. That is where the raiyat will not be hit at all. It is from the yield of the forests, gold mines and such other things which Nature provides

in an ample measure that taxes should be realized in the first instance by the Government. Therefore it is a sound policy to tap this source of income. While on this topic I am reminded of an episode which is well known in Grecian history. When a certain prince wanted to have some sort of tuition in statesmanship, he was taken to Syracuse. An elderly man took him to a field where some corn was grown. The topmost corn was cut. The prince was learning the art of statesmanship and this was done in order to demonstrate to him that persons who make the utmost profit are the persons that must first of all be tapped or approached before attacking the lower strata. So that, what the Government have adopted is a reasonable and sound policy. Because there is some diminution in the large profits made by the mining companies, there is no ground to say that the Government are wrong in taking a portion of it. Some portion of the profit must be shared by the administration of the State. But for the extension of the contract by the administration—on account of long association the Government must have been moved to extend the lease—these profits could not have been earned by the companies at all. It is but natural to expect that the mining companies shall also render their usual and normal assistance to Government in carrying on the administration in the best interests of the raiyats and the population as a whole. I am not saying all this because the mining companies are owned by foreigners. Mr. Bhupalam Chandrasekharayya referred to indigenous industries. That does not savour of any ill-feeling to the foreigner or anything like that. The bill is not aimed against any foreigners. It is an accident that the gold mining companies happen to be managed by foreigners. Even if it had been an indigenous enterprise, I am sure Government would have introduced this measure.

I feel that Government deserve to be congratulated on the rather belated introduction of this bill. The whole House is unanimous in supporting this bill because, it promises to wet the parched up throat of the raiyat. In fact, this amount might be converted into bullion and kept in reserve with a view to stabilise public finance. But the Finance Department knows best how to use this amount in the best interests of the State. The Government have now asserted their rights as the landlord. They should have done so long back.

The House rose for lunch at this stage and reassembled at 3-45 p.m.

Mr. B. L. BYANNA supported the general principles of the bill, but hoped that as stated in the Financial Secretary's Explanatory Memorandum, receipts from the duty would be earmarked for nation-building purposes.

Mr. A. N. RAGHAVACHAR replied as follows:—Sir, some of the members have already replied to the points raised by the representative of the Mining Companies. But I have to express my surprise at the arguments put forward by him. I had thought that in view of the assurance given by the Dewan in his opening speech, the companies would have had no objection to accepting the arrangement. I have also to point out that there are some inconsistencies in the arguments put forward by that representative.

In the first place, he feared that the companies would be heavy losers on account of the proposed law but in the next breath, he admitted that in any case the mines would have to surrender to Great Britain all that they got in the shape of extra profits. The companies could not retain the profits for themselves. Whether this Government was going to the financial help of Great Britain in the war, and if so to what extent, was a matter of arrangement between the Mysore Government and the Imperial Government. Our Government would never lag behind others so far as help for the successful prosecution of the war is concerned. But the point to be borne in mind in connection with the present bill is that the mining companies can in no way be benefited even if the proposed levy had not been made.

The mining representative had referred to the price of gold and to high grade and low grade ores. These are highly technical matters. No two mines in the world are alike. For example, in some cases, a gold mine may be in a volcanic region; in another case, it may be so to say created geologically in an alluvial deposit. So the case of each individual mine will have to be dealt with on its own merits and it cannot be said that what applies to one must necessarily apply to another.

There seems to be some misapprehension in the minds of some members so far as the price of gold is concerned. When Great Britain went off the gold standard, the link between gold standard and Indian currency ceased to exist. So, our taxation measures are not going to affect the price of gold or its relationship with sterling or dollar or the balance of exchange as a result of international payments of exchange. Under the present management of credit and currency, it will not be right to think that the proposed taxation is likely to affect the price of gold.

Government are intent upon pursuing the proposed legislation and do not wish to go back upon what they have now stated.

The general principles of the bill were put to vote and passed.

5. General Principles of the Bill to Amend the Land Revenue Code.

The CHIEF SECRETARY to GOVERNMENT (Rajasevaprasaktha B. T. Kesavaiengar) explained the general principles of the bill as follows:—

Under Section 97 of the Land Revenue Code, superior holders can apply to the Deputy Commissioner in writing for assistance by the use of precautionary and other measures for the recovery of rent or land revenue payable to them by inferior holders or by co-sharers in their holdings, provided that such application is made within two years from the end of the revenue year or within the year of tenancy in which the said rent or land revenue became payable. The committee which was appointed for suggesting measures for improving the conditions of inamdars and tenants in inam and jodi villages considered that better facilities should be afforded to the inamdars to collect rents due to them and, with this view, they recommended that the period of two years fixed in the proviso to Section 97 of the Code should be raised to six years in cases in which the rent or land revenue is payable in cash, the existing provision remaining unaltered in cases of rent in kind. Government accepted this recommendation, among others, in their Order No. 350-409—L. R. 110-33-14, dated 15th July 1935.

Accordingly, it is proposed to amend the first proviso to Section 97 of the Land Revenue Code as follows:—

"Provided that such application be made within two years, and in the case of alienated or kayamgutta villages into which survey and settlement have been introduced, within six years, from the end of the revenue year or the year of tenancy in which the said rent or land revenue became payable."

Mr. Ballam SRINIVASA RAO observed that he had no objection to the Government helping inamdars in the matter of recovery of rent due by the inferior holders or tenants. But the Government should realize that it was always very difficult for the raiyats to prove that they had paid the rent for any particular year. He knew of many instances in which either the jodidars had not issued receipts for payments made by the raiyats or the receipts were not in proper form or full. Proper accounts were not maintained by a large number of inamdars so that their claims could not always be presumed to be just. If in such cases also the assistance of the revenue authorities was available to the inamdars in recovering their dues, the raiyats would be put to a lot of hardship. So the member was of opinion that only those inamdars who were maintaining the village accounts properly, submitting the prescribed returns to Government regularly and also issuing proper receipts for all payments made by their raiyats, should be given the benefit of the proposed measure.

Mr. N. Bhogi MALLIAH endorsed the above view.

Messrs. MAYI GOWDA and S. THIMME GOWDA *alias* THAMMIAH GOWDA observed that even as matters stood, the inam raiyats were subjected to considerable difficulties and disabilities. The inamdars, generally, never collected the dues promptly. They allowed arrears to accumulate and tried to collect them in a lump once in two years with the assistance of the revenue authorities. But it was very difficult for the raiyats to pay up all the dues in one lump, without having to sell away their belongings. While this was the state of affairs at present, the raiyats' difficulties were bound to increase if the time limit was extended from two years to six years. For these reasons, they opposed the measure.

Mr. B. T. KESAVAIENGAR explained that even after the amendment, the position would be helpful to the inam raiyats in that, they would not have to pay in a lump so much as they would have to in cases where the inamdars proceeded against them in civil courts, obtained decrees and executed them as against the raiyats.

Mr. S. VENKATASWAMI GOWDA supported the measure for the reason that it would help both the inamdar and the inam raiyats.

Mr. S. RAMAPPA said that it would not be right to say that an inamdar would, if the amendment was passed, allow arrears to accumulate for six years and then suddenly call upon the raiyat to pay up all the arrears in a lump. On the contrary, human nature being what it was, every jodidar would be anxious to collect as much as possible during each collection season, and particularly in cases where the demand was heavy, he would never allow it to remain uncollected. Self-interest would require that he should promptly collect all the dues. Thus, the apprehension that the extension of the period of limitation to six years would add to the difficulties of the raiyats was not well-founded. Similarly, the allegation that receipts were often not issued for payments made by the raiyats was not true. There was sufficient awakening on the part of the raiyats, at any rate to the extent of knowing that a receipt should be obtained for every payment towards rent.

Even in respect of kadim tenants, Section 97 was very clear as to the jodidar's duties and responsibilities. So, the fears entertained by some speakers were ill-founded. There was no doubt that the measure proposed would really help the raiyats as well as the inamdars. He therefore requested the House to give its support to the proposed measure.

Mr. S. C. MALLIAH, however, did not agree with the previous speaker. He was aware of some inam villages in which the village officers never collected rent at the proper time as was being done in Government villages, and in a few cases where they had collected, they did not remit the amount to the jodidars nor had they credited the jodi amount payable to Government. The inamdars themselves did not maintain or check the accounts. In view of all these irregularities, he was sure that the proposed amendment would help neither the raiyats nor the inamdars. Further, if prompt steps were taken at least within two years, there was a chance of the dues being paid by the raiyats. But if arrears were allowed to accumulate for six long years, there would be no possibility of the raiyats paying all the dues. He therefore hoped that Government would not press the amendment under discussion.

Mr. A. VENKATESIAH observed that even with the present limitation of only two years, numerous suits for recovery of rent were pending disposal in law courts in the Mysore District and the suit amounts amounted to nearly thrice the original demands. That being so, he thought it inadvisable, from the point of view of the tenants, to extend the period to six years as contemplated in the measure. In this connection, the member brought to notice that the conditions stipulated in Section 97 of the Land Revenue Code were rarely satisfied by inamdars. For instance, most inamdars were not maintaining the accounts correctly so that it was difficult to ascertain the amount due from a raiyat or tenant at any particular time. Again, in some

cases, only vritties had been defined, the villages were not surveyed and settlement was not introduced and it was very difficult to estimate the dues from each of the vritties. There was considerable over-lapping of demands and the tenants were sometimes called upon to pay for the same item by more than one vrittidar. In some villages, no agent approved by the revenue authorities would have been appointed and as against that, in some other cases, more than one agent would go on making collections. Again, quarrels would be going on between the agents themselves as to who should collect a particular item of demand. Naturally this would entail delay in collection, collection would be postponed, and ultimately when payment was demanded, it was the raiyat that would experience trouble. For all these reasons, the amendment would operate against the interests of tenants unless it was clearly laid down that the help contemplated should be extended by the revenue authorities only in cases where all the requirements of Sections 97 and 98 were fully satisfied.

Mr. Rayara KEMPANNA observed that in most inam villages, the raiyats had so much reverence for the inamdars that the former could not insist upon the issue of receipts by the latter, and the inamdars rarely gave receipts of their own accord. Taking advantage of the position of the tenants, some inamdars were threatening the tenants that they would lease out the lands to others who were willing to pay a certain sum of money as consideration and that the tenants should pay the same amount, or something less as a special case, if they were anxious to cultivate the lands in future also. The tenants were being put to trouble in such ways and it was up to the Government to provide suitable relief for them. If instead of doing so the Government extended the period of limitation from 2 to 6 years, they would only add to the tenants' difficulties. For this reason, he was not in favour of the amendment.

Mr. J. ASWATHANARAYANA RAO spoke in favour of the proposed amendment. With regard, however, to the wording of the amendment he thought that considerable room for doubts and disputes would be created by saying, as proposed 'alienated or kayamgutta villages.' Personally he would prefer the word 'and' being substituted for 'or.' Secondly, he also wanted that the point should be made clear whether the Limitation Act should refer to such disputes or not. This could best be done by making Section 97 of the Land Revenue Code conform to the relevant section of the Limitation Act. This in fact would be the effect of the proposed proviso and for this reason he was of opinion that it was not desirable to oppose the amendment.

Mr. Y. V. MUNISWAMI IYER referred to various troubles which confronted the inamdars in the matter of collection of land revenue. If such troubles should be obviated, the amendment under discussion was absolutely necessary.

Mr. K. LAKSHMINARAYANA RAO opposed the amendment. He said he knew of a number of cases in which inamdars rarely took action to recover their dues promptly for the reason that they could easily get their dues collected by applying for the necessary help from the revenue authorities within two years from the end of the revenue year in which such dues became payable. If this period was raised to six years, the inamdars would continue to be inactive for the said period and then, with the help of the revenue authorities, suddenly spring a surprise on the tenants and demand payment of the dues in a lump. The raiyats of inam villages being proverbially poor, they would naturally find it exceedingly difficult to pay up all the dues. That was one reason why he preferred Section 97 to remain as at present. He then stated that in many villages patels and shanbhogs would not have been appointed at all or their appointments would not have been approved by the Deputy Commissioner, and there would be no meaning in the revenue authorities extending all possible facilities in favour of the inamdars of such villages. Again the proposed

amendment would provide for interference by Government officers in the affairs of the inam villages for a much longer period than at present and this would be an additional interference with the tenants of inam villages. For all these reasons, he opposed the amendment under discussion.

Mr. L. VEMA REDDY was also not in favour of the amendment for the reason that neither the inamdars nor the tenants had approached the Government for any change in the existing law. He presumed that Government also could not adduce any powerful reasons of their own in favour of the amendment. Simply because the Inam Committee had suggested additional facilities for inamdars, it did not mean that Government should make such a radical change in the existing law. At any rate the raiyats were not going to be helped by the amendment. Personally he felt that the existing law was quite equitable and there was no necessity to alter it in the manner proposed.

Mr. K. N. PUTTANNA said that if the law remained as at present, every inamdar might be expected to visit his village at least once or twice within the period of two years lest he should forgo all the arrears. That would give an opportunity for the raiyats to meet the inamdar and get any little help that might be possible. But if the period in question was raised to six years, the inamdar might not care to go to the village until that long period of six years was drawing to a close, so that there would practically be no opportunity for the raiyats to meet the inamdar at all.

In the second place, if the proposed amendment took effect, even the poorest of the raiyats might at any time be called upon to shell down six years' dues, for raising which he would have to sell away his house or land. For these two reasons, he was not in favour of the amendment.

The FIRST MEMBER (Rajamantrapravina N. Madhava Rau) in replying to the debate said that the points of objection to the proposed amendment were first, that the existing provision was sufficient and therefore that any amendment thereof was unnecessary; and secondly, that there were no powerful reasons why inamdars should be allowed time up to six years for seeking the help of the revenue officers in the matter of the recovery of the land revenue arrears. He added that experience had shown that even in the case of inam villages under the management of Government, arrears had accumulated to a large extent and their collection was not always easy. It was therefore desirable to extend the period from two to six years. Even in the matter of collections relating to muzrai institutions, it had been found necessary to extend the period to six years with the result that the Muzrai Act had made provision in that respect.

It would not be correct to say that accumulation of heavy arrears even in purely private inam villages was always due to negligence on the part of the inamdars. In few rare cases where inam villages were held by single holders, there might be no trouble in the matter of collection of rents. But in a large number of cases, there were many co-sharers and there would be disputes among themselves as to their respective shares. In such cases the raiyats sometimes took advantage of the position and did not pay any of the vrittidars.

The Member could not subscribe to the view expressed by some of the previous speakers that the proposed amendment would in any way add to the difficulties of the raiyats. This, he thought, was a misapprehension on the part of such members. Whether the period in question was two years or six years, the procedure prescribed for collection would remain the same. Every part of the procedure prescribed in the Land Revenue Code had to be gone through in any case. Even though the amendment under discussion related to Section 97, its actual working could only be appreciated by referring to Section 98. In every case of application for official interference, it would be the duty of the Deputy Commissioner or the Amildar, to issue a notice to the tenant or inferior holder, hold an investigation and decide the extent to which help should be extended. If, as some members stated, the inamdar or superior

holder did not issue receipts for sums collected in the past, or if proper accounts had not been maintained, the Deputy Commissioner would naturally withhold such help. It was only if he was convinced that there was no lapse on the part of the inamdar and that the amounts claimed were really due to him that the Deputy Commissioner would help him.

Apart from the question of withholding help, the Deputy Commissioner could punish any inamdar for the non-issue of receipts for rents paid by the tenants, the punishment amounting up to thrice the amount in question. Thus nowhere was it made obligatory on the part of the Deputy Commissioner to give any relief to inamdars who failed to conform to the relevant law. Similarly if patels and shanbhogs had not been appointed or other irregularities were noticed, it was up to the Deputy Commissioner to take appropriate action.

Another important point to be borne in mind was that, notwithstanding the proposed amendment of the Land Revenue Code, there was nothing to indicate that the jurisdiction of competent civil courts would be taken away. Every relief which civil courts could give would be still open to the tenants. Thus the tenants were not going to be subjected to any additional trouble or inconvenience merely because the proposed amendment was effected.

Lastly the speaker reminded the House that if an inamdar could not secure full relief resorting to the section under reference, he would naturally seek the aid of civil courts. In that case litigation would involve much expenditure and ultimately the tenant might have to bear the whole cost of it. The principle of this amendment had been agreed to by Government in 1935. Somehow the necessary amendment had not been made and it was only that principle that was sought to be given effect to in the bill under reference.

For all these reasons he hoped that members would accept the general principles of the bill.

The general principles of the bill were then put to vote and adopted.

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6. General Principles of the Bill further to amend the Mysore City Municipalities Act, 1933.

The SECRETARY to GOVERNMENT, LAW DEPARTMENT (Mr. H. V. Narayana Rao) explained the general principles of the bill as follows :—

According to the Bye-laws in force in the Bangalore City Municipality, octroi on betel leaves is levied at the rate of two pies per bundle of 100 leaves. But in the City Municipalities Act of 1933, the maximum rate of levy of octroi is fixed at one pie per bundle of 100 leaves. The rate actually levied according to the Bye-laws is more than the one prescribed in the Act. In the Civil and Military Station, a rate of two pies is levied on a bundle of 100 leaves.

The Municipal Commissioner, Bangalore City, in his letter dated 3rd April 1940, has forwarded a resolution of the Municipal Council, dated 5th February 1940; proposing an amendment to Schedule II of the said Act so as to legalise the levy under the Bye-laws.

It is proposed to amend the Act accordingly.

Mr. Bhupalam R. CHANDRASEKHARAYYA referred to the statement made by the Secretary to Government, Law Department, that in the Civil and Military Station, Bangalore, a rate of two pies was levied on a bundle of 100 leaves, and remarked that that was no reason why the rate should be doubled in Bangalore City. If at all, it was up to the rate-payers of the Civil and Military Station to agitate for a reduction of the rate to one pie on the analogy of the rate existing in the City.

Mr. A. N. RAMA RAO in further opposing the proposed amendment, said that betel leaf was a commodity which was used by almost every one in the State. In fact, betel leaves were always regarded as an article of necessity rather than of luxury. Besides the rate of one pie was in existence for so long that an increase was not only unnecessary but also unjustifiable.

Messrs. L. VEMA REDDY, B. L. BYANNA, D. VENKATARAMANAPPA

R.A.

and some other members said that there seemed to be no objection to the proposed amendment.

Messrs. B. S. SHANKARAPPA SETTY, SINGAM RANGASWAMAPPA, B. R. KAVETI RANGAPPA, T. L. GANGOJI RAO and others however held that it would not be in the interests of the poor rate-payers to double the rate.

The general principles of the bill were put to vote and adopted

At 5 p.m. the Assembly rose for the day to meet again at 12 of the clock the following day.

SECOND DAY.

Saturday, 8th June 1940.

The House reassembled at the Jagan Mohan Palace Pavilion at 12 of the clock, on Saturday, 8th June 1940, Mr. President (*Amin-ul-Mulk* Sir Mirza M. Ismail, K.C.I.E., O.B.E., Dewan) in the Chair.

QUESTIONS AND ANSWERS—*contd.*

Government Servants and Congress Movement.

Q.—5. **Mr. Y. V. MUNISWAMI IYER** (Channapatna Municipality).—

Will the Government be pleased to state:—

if they are aware of the conduct of certain Government servants who have been secretly helping certain Congress workers who have been trying to overthrow the Government of His Highness the Maharaja established by law?

A.—**The CHIEF SECRETARY to GOVERNMENT (Rajasevaprasaktha B. T. Kesavaiengar).**—

No.

Mr. Y. V. MUNISWAMI IYER.—Have the Government made any enquiries about it?

Mr. B. T. KESAVAIENGAR.—We have received no complaints necessitating an enquiry.

Mr. Y. V. MUNISWAMI IYER.—Now that the question has been raised, will an enquiry be set on foot?

Mr. B. T. KESAVAIENGAR.—No special enquiry appears necessary. If any specific cases come to notice, the persons concerned will be suitably dealt with. It is well recognized that absolute loyalty is the first requisite in a Government servant.

Mr. Y. V. MUNISWAMI IYER.—Should the Government not satisfy themselves that there is no Government servant with Congress leanings?

Mr. B. T. KESAVAIENGAR.—That question does not arise.

Mr. Bhupalam R. CHANDRASEKHARAYYA.—Have the Government any reason to doubt that their servants are thoroughly loyal and have been acting up to their conscience?

Mr. B. T. KESAVAIENGAR.—That is what is expected of them.

Mr. Bhupalam R. CHANDRASEKHARAYYA.—Is it not the policy of Government that their employees should be indifferent to matters pertaining to the Congress?

Mr. B. T. KESAVAIENGAR.—Yes. They should not interest themselves in party politics.

Mr. Bhupalam R. CHANDRASEKHARAYYA.—Are the Government aware that some of their servants are working contrary to the Congress interest in